

Changes to Wisconsin's Home Improvement Practices Rule are effective June 1, 2014.

ATCP 110, the Home Improvement Practices Rule, prohibits unfair trade practices that harm both consumers and honest businesses. The rule was updated to reflect current practices in the home improvement industry. The new rule keeps important protections for consumers, but also reduces paperwork, streamlines processes, and eliminates unnecessary requirements for business.

This summary of major changes is not intended as a substitute for legal advice. Home improvement contractors should consult with an attorney to ensure that contracts meet the new requirements.

Change	Before June 1, 2014	Effective June 1, 2014
Applicability	ATCP 110 regulates home improvement practices. DATCP does not regulate trade practices in the construction of new homes.	ATCP 110 does not apply to very large home improvement projects, defined as those where the value of the project is more than the assessed value of the existing structure. A typical example might be a contract to build a new structure on a preexisting foundation.
Permits	Home improvement contractors must obtain all required state or local building permits before work can begin under the contract.	If a home improvement contract consists of multiple subprojects, contractors may start work on the overall project before obtaining all building permits. However, work on a subproject that requires a building permit may not begin until the permit is obtained.
Inspection certificates	If a midpoint or final inspection is required by state law or local ordinance, the contractor must provide the inspection certificate to the buyer.	This provision is retained. If the inspector does not physically issue a certificate, the contractor may provide a summary, as outlined in the law, of inspection information to the buyer instead of a copy of the certificate.
Manufacturers' warranties	Contractors must provide manufacturers' product warranties either at the time the consumer and contractor enter into the contract or when the product is installed.	The contractor has the option of providing written manufacturers' warranties at the completion of the project as long as the option is specified in the contract.
Liquidated damages	If a home improvement contract contains liquidated damages that penalize a consumer for breaching the contract, the liquidated damages may not exceed 10% of the contract price or \$100, whichever is less.	Maintains the 10% limit, but it repeals the \$100 maximum.
Substitutions	The contractor may not substitute products or materials from those specified in the home improvement contract, or for those	Keeps the same procedure for altering written contracts. However, the consumer is allowed to authorize

	<p>which the seller represented would be used, without prior consent from the buyer. If the home improvement contract is in writing, the prior consent must also be in writing.</p>	<p>verbal alterations to the contract, but only if the following conditions are met:</p> <ul style="list-style-type: none"> • The alteration does not represent any additional cost to the buyer • The alteration does not represent a decrease in the value of the finished product. • The contractor maintains specific documentation of the alteration, and that the buyer authorized the alteration.
Lien waivers	<p>The contractor is required to provide the buyer with lien waivers before accepting final payment. Further, if the contract requires partial payments at various stages in the performance of the contract, the contractor is required to provide lien waivers for the proportionate value of all labor, services and products or materials furnished or delivered as of the time partial payment is made.</p>	<p>The contractor is required to provide the lien waivers if the buyer requests them.</p> <p>The contractor is required to provide specific notice language to the buyer that the buyer has a right to request the lien waivers, and retain evidence that the buyer acknowledged receipt of the notice.</p>
Insurance	<p>If a contractor represents that insurance or some other form of protection is provided, the contract must clearly state the terms, conditions and limitations, as well as the name and address of the insurer. Further, the contractor is required to furnish a copy of the insuring or protection agreement to the buyer before final payment is made.</p>	<p>This provision is retained, but the contractor is allowed to provide a proof of insurance document rather than the entire policy or agreement.</p>
Delays	<p>Contractors are required to give buyers timely notice of any impending delay in contract performance. If the home improvement contract is in writing (or required to be in writing), the buyer must agree in writing to the change in the schedule.</p>	<p>Provides that contractors are not responsible for delays caused by action or inaction of the buyer, destructive acts of nature, or disruptive civil disorder.</p>